

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MINNESOTA

WFC HOLDINGS CORPORATION,)
)
Plaintiff,)
)
v.) Case No. 07-CV-3320-JRT-FLN
)
UNITED STATES OF AMERICA,)
)
Defendant.)

DECLARATION OF WALTER N. TOROUS

Pursuant to 28 U.S.C. § 1746, I, Walter N. Torous, declare as follows:

1. I am the Lee and Seymour Graff Distinguished Professor of Finance at the University of California, Los Angeles Anderson School of Management.
2. I have personal knowledge of the matters set forth in this declaration.
3. I was retained as an expert witness in this case by the United States of America.
4. My original expert report for this case is dated May 15, 2009.
5. My first deposition in this case occurred on July 21, 2009.
6. At that deposition, I was unable to download from the CoStar website the downtown Los Angeles data that I thought I had used to calculate the lease-rate volatility for my report.
7. By July 22, 2009, I discovered that I had actually and unintentionally used data from greater Los Angeles in my report, rather than data from downtown Los Angeles. I promptly informed counsel for the United States of my mistake.
8. Because of my error, I made further inquiries regarding the CoStar data.
9. Assisted by employees of Analysis Group, Inc., I analyzed data regarding the specific properties in the downtown and greater Los Angeles samples. I was then able to

ascertain the number of buildings that actually reported lease-rate data to CoStar each quarter, rather than just the number of buildings that CoStar surveyed. I determined that the number of downtown Los Angeles class A buildings that actually reported sublet data to CoStar each quarter from 1996 through 1998 was rather small and subject to frequent turnover. In contrast, the number of reporting buildings for the greater Los Angeles sample was much larger in each quarter.

10. Therefore, I decided to rely on data from both downtown and greater Los Angeles in my revised report, which is dated July 31, 2009.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on November 6 2009

Walter N. Torous
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